

(iii) The reportable conditions, including the identification of material weaknesses, identified as a result of the auditor's work in understanding and assessing the control risk. If the auditor limits consideration of the internal control structure for any reason, the circumstances should be disclosed in the report.

(3) The auditor's report on compliance containing:

(i) An opinion as to whether each major Federal program was being administered in compliance with laws and regulations applicable to the matters described in §29b.16(c)(3) of this part, including compliance with laws and regulations pertaining to financial reports and claims for advances and reimbursements;

(ii) A statement of positive assurance of those items that were tested for compliance and negative assurance on those items not tested;

(iii) Material findings of noncompliance presented in their proper perspective:

(A) The size of the universe in number of items and dollars,

(B) The number and dollar amount of transactions tested by the auditors, and

(C) The number and corresponding dollar amount of instances of noncompliance.

(iv) Where findings are specific to a particular Federal award, an identification of total amounts questioned, if any, for each Federal award, as a result of noncompliance and the auditor's recommendations for necessary corrective action.

(d) The three parts of the audit report may be bound into a single document, or presented at the same time as separate documents.

(e) Nonmaterial findings need not be disclosed with the compliance report but should be reported in writing to the recipient in a separate communication. The recipient, in turn, should forward the findings to the Federal grantor agencies or subgrantor sources.

(f) All fraud or illegal acts or indications of such acts, including all questioned costs found as the result of these acts that auditors become aware of, may be covered in a separate written report submitted in accordance

with the "Government Auditing Standards."

(g) The auditor's report should disclose the status of known but uncorrected significant material findings and recommendations from prior audits that affect the current audit objective as specified in the "Government Auditing Standards."

(h) In addition to the audit report, the recipient shall provide a report of its comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, a statement describing the reason it is not should accompany the audit report.

(i) Copies of the audit report shall be submitted in accordance with the reporting standards for financial audits contained in the "Government Auditing Standards." Sub-recipient auditors shall submit copies to recipients that provided Federal awards. The report shall be due within 30 days after the completion of the audit, but the audit should be completed and the report submitted not later than 13 months after the end of the recipient's fiscal year unless a longer period is agreed to with the cognizant or oversight agency.

(j) Recipients of more than \$100,000 in Federal awards shall submit one copy of the audit report within 30 days after issuance to a central clearinghouse to be designated by OMB. The clearinghouse will keep completed audit reports on file.

(k) Recipients shall keep audit reports, including sub-recipient reports, on file for free three years from their issuance. (OMB control number: 0991-0003)

#### **§ 29b.19 Audit resolution.**

(a) As provided in §29b.6, the cognizant agency shall be responsible for ensuring the resolution of audit findings that affect the programs of more than one Federal agency. Resolution of findings that relate to the programs of a single Federal agency will be the responsibility of the recipient and that agency. Alternate arrangements may be made on a case-by-case basis by

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agreement among the agencies concerned.

(b) A management decision shall be made within six months after receipt of the reports by the Federal agencies responsible for audit resolution. Corrective action should proceed as rapidly as possible.

#### § 29b.20 Audit workpapers and reports.

Workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the cognizant agency to extend the retention period. Audit workpapers shall be made available upon request to the cognizant agency or its designee or the General Accounting Office, at the completion of the audit.

#### § 29b.21 Availability of publications.

(a) The following publications are available from the Government Printing Office, Superintendent of Documents, Washington, DC 20402:

(1) "Catalog of Federal Domestic Assistance";

#### 15 CFR Subtitle A (1-1-98 Edition)

(2) "Government Auditing Standards";

(3) "Compliance Supplement for Single Audits of Educational Institutions and Other Nonprofit Organizations"; and

(4) "Compliance Supplement for Single Audits of State and Local Governments."

(b) The following publications may be obtained from the Grants Officer as identified in the award:

(1) OMB Circular A-21, "Cost Principles for Educational Institutions;"

(2) OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations;"

(3) OMB Circular A-122, "Cost Principles for Nonprofit Organizations;" and

(4) OMB Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Organizations."

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